STATEMENT OF BASIS TO ISSUE A TITLE V PERMIT TO OPERATE A CLASS I AIR CONTAMINANT SOURCE, AND TO ISSUE A MODIFIED CONSTRUCTION PERMIT

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LLCHD Air Quality Program Source Number:	**00132**
Proposed date of issuance of draft permit(s):	**April 1, 2015**

The Lincoln-Lancaster County Health Department (LLCHD) has made the preliminary determination to issue a Title V permit to operate a Class I source to the following:

Permit Holder Name:	**Kawasaki Motors Manufacturing Corp., U.S.A. (KMM)**
Address:	**P.O. Box 81469**
City, County, State, ZIP:	**Lincoln, Lancaster County, Nebraska 68501**

The proposed permit allows for operation of the following source:

Facility Site Name:	**Kawasaki Motors Manufacturing Corp., U.S.A. (KMM)**
Facility Address:	**6500 & 6600 NW 27th Street**
City, County, State, ZIP:	**Lincoln, Lancaster County, Nebraska 68524**
Facility NAICS:	**336612: Boat Building** **336999: All Other Transportation Equipment Mfg.** **336510: Railroad Rolling Stock Manufacturing**

In accordance with requirements set forth under Article 2, Sections 13 and 14, the LLCHD may not issue a Class I operating permit until the public, the U.S. Environmental Protection Agency (US EPA), and affected states have been given the opportunity to comment on the draft permit. In addition, the LLCHD may not issue a construction permit until the public has been given the opportunity to comment on the draft permit.

Within the 30-day public comment period, any interested person, agency, group, or affected state may request or petition the Director of the LLCHD for a public hearing. All requests for public hearing must be made in writing, and must state the nature of the issues to be raised and all arguments and factual grounds supporting their position. If a public hearing is granted by the Director, the hearing will be advertised by public notice at least 30 days prior to its occurrence.

Within the 45-day US EPA comment period, the US EPA may submit comments on the proposed draft.

A final determination on this permit will be made following the opportunity of the public, the US EPA, and affected states to review and comment on the draft permit, and any/all comments received have been addressed.

The conclusion of this document will include a recommendation to either issue or deny the renewal of a Title V (Class I) operating permit for this source, and whether or not to issue a construction permit to this source.

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Section 1 – Introduction

[SEQ CHAPTER \h \r 1]Kawasaki Motors Manufacturing Corp., U.S.A. (referred to hereafter as 'KMM') has submitted an application to renew a Title V (Class I) Operating Permit to operate a manufacturing facility primarily involved in the manufacture of off-road recreational vehicles, personal watercraft, and railcars. While submittal of the application occurred after the deadline for a "timely" submittal, the owner/operator did request, and receive, an extension for additional time to prepare the permit application.

Article 2, Section 5 of the Lincoln-Lancaster County Health Department Air Pollution Control Program Regulations and Standards (LLCAPCPRS) requires that significant sources of air pollutants apply for operating permits. Sources that are required to apply for Class I operating permits are those defined as a major source under the criteria set forth in Article 2, Section 2, paragraph (G) of the LLCAPCPRS based on their potential to emit, and sources subject to certain federal emission standards.

KMM will operate as a major source, as the maximum potential emissions from this source are in excess of major source thresholds. This source is also considered a 'major source' for hazardous air pollutants, as maximum potential emissions of both individual and combined HAPs at levels that are in excess of the 'major source' thresholds.

The conclusion of this document will include a recommendation to either issue or deny the renewal of a Title V (Class I) operating permit for this source.

Section 2 – Permitting History

2.01 – Operating Permit No. 0001

This permit was issued February 7, 1975 for the operation of water wash paint spray booths and electrostatic dry paint spray booths. This permit is superseded by the Title V operating permit renewal. This permit contains no applicable requirements, and served as little more than an equipment registration.

2.02 – Operating Permit No. 0002

This permit was issued February 7, 1975 for the operation of Wheelabrator shot blast equipment. This permit is superseded by the Title V operating permit renewal. This permit contains no applicable requirements, and served as little more than an equipment registration.

2.03 – Operating Permit No. 0053

This permit was issued February 7, 1984 for installation of the PTR-260 pyrolysis oven.

2.04 – Operating Permit No. 0076

This permit was issued October 12, 1992 for the construction of an Electrocoating (E-Coat) paint system and associated paint bake oven (this E-Coat system is currently designated as the Frame E-Coat system). See Construction Permit No. 061 for applicable requirements under this permit.

2.05 – Operating Permit No. 0076A

This permit was issued November 5, 1992 for the construction of an Electrocoating (E-Coat) paint system, associated paint bake oven, and associated powder coat bake oven (this E-Coat system is currently designated as the Frame E-Coat system). See Construction Permit No. 061A for applicable requirements under this permit.

2.06 – Operating Permit No. 0080

This permit was issued November 3, 1993 for expansion of the Jet Ski production line via utilization of a new Resin Transfer Molding (RTM) process. See Construction Permit No. 064 for applicable requirements under this permit.

2.07 – Operating Permit No. 0080A

This permit was issued March 24, 1994 for modification of permit language applicable to the Jet Ski production line utilizing the RTM process. See Construction Permit No. 064A for applicable requirements under this permit.

2.08 – Operating Permit No. 0082

This permit was issued February 15, 1994 for the installation of Electrocoating System #2 (referred to in permit as Wheel E-Coat), which included an eight-stage pretreatment process and a five-stage coating process, a bake oven, three powder coating booths, and a powder coating bake oven. See Construction Permit No. 070 for applicable requirements under this permit.

2.09 – Installation Permit No. 0043

This permit was issued February 7, 1984 for installation of the PTR-260 pyrolysis oven. This permit is superseded by the Title V operating permit renewal. This permit contains no applicable requirements, and served as little more than an equipment registration.

2.10 – NDEC Construction Permit

This permit was issued January 14, 1991 for the installation of the SMC process and the replacement of the coating line with a high-solids coating system. The permit did not establish any emission limits, but did establish a production limit of 50,000 units per year for the SMC

process (for the purpose of this permit, the units being produced were Jet Skis). This permit was eventually superseded by Construction Permit No. 099.

2.11 – Construction Permit No. 061

This permit was issued June 30, 1992 for the construction of an Electrocoating (E-Coat) paint system and associated paint bake oven (this E-Coat system is currently designated as the Frame E-Coat system). Annual VOC emissions from the Frame E-Coat system and paint bake oven were limited to no more than 39.0 tons. The permit established facility-wide VOC emission limits of 65.0 tons/month, and 398.0 tons/year. This permit also required quarterly reporting to establish compliance with the emission limits. This permit was eventually superseded by Construction Permit No. 061A.

2.12 – Construction Permit No. 061A

This permit was issued November 5, 1992 for the modification of permit conditions established in Construction Permit No. 061. The modification allowed for the addition of a powder coat bake oven to the Frame E-Coat system. The emission limits and reporting requirements remained unchanged, except that KMM was required to include emissions from the powder coat bake oven in the quarterly reports.

2.13 – Construction Permit No. 061B

This permit was issued June 23, 1999 for the modification of permit conditions established in Construction Permit No. 061A. The revised permit allowed for painting of Jet Skis in the area, which had not been included in previous permits. There was no change in emissions associated with this revision. This permit established emission limits for the Frame E-coat system, associated paint bake oven, and associated powder coat bake oven as follows:

- VOC: ≤ 39.0 tons/yr
- Individual HAP: ≤ 2.49 tons/yr
- Total Combined HAPs: ≤ 9.99 tons/yr

The permit established a facility-wide monthly limit on VOC emissions of 425.5 tons, and a facility-wide annual limit on VOC emissions of 425.5 tons. The permit also included monthly emission record requirements and quarterly reporting requirements to establish compliance with the emission limits.

2.14 – Construction Permit No. 061C

This permit was issued December 14, 2007 for the modification of permit conditions established in Construction Permit No. 061B. The permit established emission limits for the Frame E-coat system, associated paint bake oven, and associated powder coat bake oven as follows:

- VOC: ≤ 22.0 tons/yr
- Glycol ether: ≤ 16.0 tons/yr
- Individual HAP (excluding Glycol ether): ≤ 2.49 tons/yr
- Total Combined HAPs (excluding Glycol ether): ≤ 9.99 tons/yr

The maintained the facility-wide annual limit on VOC emissions of 425.5 tons, but the monthly VOC limit was removed. The permit established a facility-wide limit on total HAP emissions in the amount of 246.0 tons/year. The permit modification allowed for a reduced frequency of reporting from a quarterly basis to a semi-annual basis.

2.15 – Construction Permit No. 064

This permit was issued December 28, 1992 for expansion of the Jet Ski production line via utilization of a new Resin Transfer Molding (RTM) process. This permit established a VOC emission limit of 16.4 tons/year on the RTM process and associated building heater. Also included were facility-wide VOC emission limits of 67.5 tons/month and 405.5 tons/year, which superseded facility-wide VOC emission limits of 65.0 tons/month and 389.0 tons/year established in Construction Permit No. 061A. In addition, the permit limited use of acetone to

no more than 4,800 pounds/year. The permit also included quarterly record keeping and reporting requirements to establish compliance with the emission limits. This permit was eventually superseded by Construction Permit No. 099.

2.16 – Construction Permit No. 064A

This permit was issued March 24, 1994 for modification of permit language applicable to the Jet Ski production line utilizing the RTM process. This permit established an annual VOC limit of 16.4 tons/yr for the RTM process and associated building heater. The permit established a facility-wide monthly limit on VOC emissions of 67.5 tons, and a facility-wide annual limit on VOC emissions of 405.5 tons. The monthly and annual facility-wide VOC emission limits superseded limits established in Construction Permit No. 061A of 65.0 tons and 389.0 tons, respectively. The annual limit on acetone use was removed as part of this modification. This permit also established quarterly reporting requirements to establish compliance with the emission limits. This permit was eventually superseded by Construction Permit No. 084.

2.17 – Construction Permit No. 070

This permit was issued September 14, 1993 for the installation of Electro-Coating System #2 (referred to in permit as Wheel E-Coat), which included an eight-stage pretreatment process and a five-stage coating process, a bake oven, three powder coating booths, and a powder coating bake oven. The permit established a facility-wide monthly limit on VOC emissions of 67.5 tons, and a facility-wide annual limit on VOC emissions of 405.5 tons. The permit also included quarterly record keeping and reporting requirements to establish compliance with the emission limits. This permit was eventually superseded by Construction Permit No. 070A.

2.18 – Construction Permit No. 070A

This modified permit was issued December 14, 2007, concurrent with the issuance of the Title V operating permit renewal. The permit modification allowed for a reduced frequency of reporting from a quarterly basis to a semi-annual basis. In addition, the facility-wide emission limit for VOC's was increased from 405.5 tons/year up to 425.5 tons/year. Because this modification did not trigger the PSD significance thresholds, the permit was modified in accordance with the requirements set forth in Article 2, Section 17 of the LLCAPCPRS. Additional emission limits were established specific to the equipment covered by Construction Permit No. 070A. These limits have been incorporated into the draft Title V operating permit.

2.19 – Construction Permit No. 073

This permit was issued October 24, 1994 for the expansion of the Sheet Molding Compound (SMC) paint booth, which included the installation of two new paint booths and one new paint bake oven. This permit set a VOC emission limit of 40 tons per year for the two new paint booths and the new bake oven. The permit established a facility-wide monthly limit on VOC emissions of 67.5 tons, and a facility-wide annual limit on VOC emissions of 405.5 tons. The permit also included monthly emission record requirements and quarterly reporting requirements to establish compliance with the emission limits. The permit also required the booths to be equipped with dry filters capable of achieving a 99% capture of paint particulate emissions. This permit was eventually superseded by Construction Permit No. 099.

2.20 – Construction Permit No. 084

This permit was issued June 17, 1996 for the expansion of the Resin Transfer Molding (RTM) process, which involved modifications to facilitate the increased use of resin, the molding of larger Jet Skis, and the production of Jet Skis using imported decks and hulls (painting of associated small parts and engine testing). These changes also involved the increase of solvent use for surface cleaning, increased adhesive use during production of jet skis, and increased combustion emissions from additional space heating. This permit limited emissions from the RTM process as follows:

- VOC: ≤ 25.0 tons/yr

- Styrene: ≤ 18.1 tons/yr
- Increase in emissions for all other individual HAPs: < 2.5 tons/yr

The facility-wide VOC emission limit was increased from 405.5 tons/yr to 425.5 tons/yr, and the monthly VOC emission limit of 67.5 tons was replaced with a monthly limit of 425.5 tons of VOC. The increase in VOC emissions relating to the production of Jet Skis using imported decks and hulls was limited as follows:

- VOC: ≤ 30.2 tons/yr
- Xylene: ≤ 2.54 tons/yr
- All other individual HAPs: < 2.5 tons/yr

The permit also included monthly emission record requirements and quarterly reporting requirements to establish compliance with the emission limits. The permit also required the booths to be equipped with dry filters capable of achieving a 99% capture of paint particulate emissions. This permit was eventually superseded by Construction Permit No. 099.

2.21 – Construction Permit No. 099

This permit was issued June 23, 1999 for consolidation of the Jet Ski manufacturing operations. This consolidation served to supersede previously issued construction permits involving the Jet Ski manufacturing process. The following construction permits were superseded by Construction Permit No. 099:

- NDEC Construction Permit issued January 14, 1991
- Construction Permit No. 064A issued March 24, 1994
- Construction Permit No. 073 issued October 24, 1994
- Construction Permit No. 084 issued June 11, 1996

Construction Permit No. 099 addressed the following manufacturing areas and processes:

- RTM Area, including:
  - JT1 Assembly Line
  - JT2 Assembly Line
  - Associated adhesive application, surface cleaning, painting, and engine testing
  - Associated storage
- SMC Area, including:
  - SMC Molding (including presses, cutting equipment, deflashing, sanding w/ baghouse control, and associated storage)
  - Ski Bonding (including drill w/ baghouse control)
  - SMC Painting
    - Sanding equipment w/ baghouse control
    - Four (4) paint booths w/ dry filters
    - Two (2) paint bake ovens and one (1) touch-up oven
    - One (1) 150 hp natural gas-fired boiler
    - Two (2) water-jet cutters
    - Associated storage

Construction Permit No. 099 set forth the following requirements:

- KMM was required to discontinue use of the RTM process on or before June 23, 1999
- KMM was required to discontinue use of the JS1 and JS2 Jet Ski manufacturing lines on or before June 23, 1999
- Facility-wide VOC emissions were limited to no more than 425.5 tons/month, and no more than 425.5 tons/year
- VOC emissions from the RTM Area and the SMC Area, combined, were limited to no more than 133.76 tons/year

- HAP emissions from the RTM Area and the SMC Area, combined, were limited to no more than the following quantities:
  - Methyl ethyl ketone (MEK): 23.96 tons/year
  - Toluene : 17.96 tons/year
  - Xylene: 13.94 tons/year
  - Glycol ethers: 12.87 tons/year
  - Hexamethylene-1,6-diisocyanate: 2.83 tons/year
  - Methanol: 2.76 tons/year
  - Hexane: 2.69 tons/year
  - Styrene: 3.20 tons/year
  - All other individual HAPs: 2.49 tons/year
  - Total combined HAPs: 61.28 tons/year

Annual production of Jet Skis was limited to no more than 50,000 units/year. In addition, KMM was required to equip all paint booths in the RTM Area and SMC Area with dry filters with a collection efficiency of at least 99% of paint particulate. The permit also included monthly emission record requirements and quarterly reporting requirements to establish compliance with the emission limits. This permit was eventually superseded by Construction Permit No. 099A.

2.22 – Construction Permit No. 099A

This permit was issued December 14, 2007 for removal of permit language applicable to the RTM process. KMM discontinued use of the RTM process, and the previously designated 'RTM Area' is now used for assembly, finishing, and engine testing only. The emission limits set forth in Construction Permit No. 099 were revised to following:

- Facility-wide VOC emissions were limited to no more than 425.5 tons/month, and no more than 425.5 tons/year
- VOC emissions from the SMC Area were limited to no more than 120.0 tons/year
- HAP emissions from the SMC Area were limited to no more than the following quantities:
  - Toluene : 16.11 tons/year
  - Xylene: 12.51 tons/year
  - Glycol ethers: 11.55 tons/year
  - Hexamethylene-1,6-diisocyanate: 2.54 tons/year
  - Methanol: 2.48 tons/year
  - Hexane: 2.41 tons/year
  - Styrene: 3.87 tons/year
  - All other individual HAPs: 2.49 tons/year
  - Total combined HAPs: 55.44 tons/year

All other limits and emission control requirements remained unchanged. The permit modification allowed for a reduced frequency of reporting from a quarterly basis to a semi-annual basis.

2.23 – Construction Permit No. 111

This permit was issued December 16, 2002 for the construction of a 1.5 megawatt stationary natural gas-fired industrial turbine with heat input rating of 20.5 million BTU/hr and a heat recovery steam generator. The permit required that operation of the turbine was restricted to the range of load levels from 85% load to 100% load (except during periods of start-up, shutdown, and malfunction).

KMM was limited to combusting no 180.0 million cubic feet of natural gas per year, and was required to limit emissions to less than the following quantities:

- PM_{10} : 15.0 tons/year
- SO_2: 40.0 tons/year
- NOx: 40.0 tons/year
- CO: 50.0 tons/year
- VOC: 40.0 tons/year
- All other individual HAPs: 2.5 tons/year
- Total combined HAPs: 10.0 tons/year

Applicable requirements set forth under 40 CFR Part 60, Subpart A (General Provisions) and Subpart GG (Standards of Performance for Stationary Gas Turbines) were incorporated in the permit by reference. The permit included monthly emission record requirements and quarterly reporting requirements to establish compliance with the emission limits. This permit was eventually superseded by Construction Permit No. 111A

2.24 – Construction Permit No. 111A

This permit was issued December 14, 2007 for modification of permit language regarding applicability of permit requirements. At the time of the renewal of their Title V operating permit, KMM had discontinued use of the combustion turbine, but the turbine remained operable. The modification set forth in Construction Permit No. 111A specified that the reporting and record keeping requirements in the permit only applied if the unit was activated. All other conditions of the permit remained unchanged.

2.25 – Construction Permit No. 132

This permit was issued August 1, 2006 for the replacement Blackline manual spray paint booth. This construction permit was issued to allow for the replacement of the previously existing spray paint booth, which had a "semi-open" design. The replacement booth utilizes an enclosed design with a fan-induced downdraft to direct and capture paint overspray solids in a water reservoir located within the enclosed paint booth area. Emissions from the replacement booth were limited to less than the following quantities:

- PM_{10} : 15.0 tons/year
- VOC: 40.0 tons/year
- Xylene: 10.0 tons/year
- All other individual HAPs: 2.5 tons/year
- Total combined HAPs: 25.0 tons/year

Applicable requirements set forth in 40 CFR Part 63, Subpart A (General Provisions) and Subpart MMMM (National Emission Standards for Hazardous Air Pollutants for Surface Coating of Miscellaneous Metal Parts and Products) were incorporated into the permit by reference. KMM was required to control coating particulates through the use of a fan induced downdraft to direct and capture paint over spray solids in a water reservoir located within the enclosed paint booth area. In addition, KMM was required to monitor for visible emissions of coating particulates, and to monitor the static pressure developed by the overspray capture system. The permit required monthly record keeping and semi-annual emission reporting to demonstrate compliance with the emission limits.

2.26 – Initial Class I (Title V) 'Major Source' Operating Permit

The initial Class I operating permit was issued to KMM on October 1, 2000. This permit incorporated all of the applicable requirements set forth in the construction permits that were effective at the time of issuance, which would have included Construction Permits No. 061B, No. 070, and No. 099. The permit incorporated 40 CFR Part 63, Subpart VVVV as an applicable requirement by reference. A reference was also made to 40 CFR Part 63, Subpart PPPPP as being possibly applicable to the source, though it was later determined that this requirement does not apply to KMM.

2.27 – Class I (Title V) 'Major Source' Operating Permit – Minor Modification

On November 7, 2001, a minor modification of the Class I operating permit was performed to incorporate the installation of a fourth pyrolysis oven. At the time, pyrolysis ovens were not considered incinerators, and as a result, did not require a construction permit for installation. The maximum potential emissions from this unit were well below construction permit thresholds, thus the permit was revised as a minor modification. All applicable emission limits, monitoring, record keeping, and reporting requirements remained effective.

2.28 – Class I (Title V) 'Major Source' Operating Permit – Renewal

On December 14, 2007, a Class I operating permit renewal was issued to KMM. The previous Class I operating permit had expired on October 1, 2005, but because KMM had submitted a renewal application on a 'timely' basis, KMM was allowed to continue operating under the initial operating permit. Concurrent with the issuance of the operating permit renewal, several of KMM's construction permits were modified, including Construction Permit No. 061B which was modified and issued as No. 061C, Construction Permit No. 070 which was modified and issued as No. 070A, and Construction Permit No. 099 which was modified and issued as No. 099A.

During the term of the initial operating permit, the Department issued Construction Permit No. 111, which allowed for construction of the natural gas-fired combustion turbine. The Department did not re-open the permit for cause to accommodate requirements set forth in Construction Permit No. 111, because that construction permit was issued with less than 3 years remaining in the term of the initial Class I operating permit, then in accordance with Article 2, Section 15, paragraph (F)(1)(a), the Department decided not to re-open the permit for cause. This construction permit was also modified concurrently with the issuance of the operating permit renewal, and was issued as Construction Permit No. 111A.

Following the expiration of the initial operating permit, but preceding the issuance of the operating permit renewal, the Department issued Construction Permit No. 132 for the installation of the replacement Blackline manual spray paint booth. The requirements from this construction permit were incorporated into the operating permit renewal.

All applicable emission limits, monitoring, record keeping, and reporting requirements set forth in the active construction permits were incorporated into the Class I operating permit renewal.

2.29 – Class I (Title V) 'Major Source' Operating Permit – Significant Modification

On September 2, 2008, the Department performed a significant modification of the Class I operating permit renewal. Pursuant to the vacatur of 40 CFR Part 63, Subpart DDDDD, the Department understood at the time that agencies were to make case-by-case MACT determinations for boilers located at 'major sources' of hazardous air pollutants (HAP). The boilers located at KMM were considered 'insignificant activities' for the purposes of the Class I operating permit, and because they fired only natural gas, the Department determined that no equivalent emission limits were necessary for KMM's boilers. This determination was made based on discussions with members of the National Association of Clean Air Agencies (NACAA), as well as information gathered from the "Model Permit Guidance for Reducing Hazardous Air Pollutants from Industrial Boilers" issued by NACAA in June of 2008.

2.30 – Class I (Title V) 'Major Source' Operating Permit – Administrative Amendment

On July 1, 2009, the Department performed an administrative amendment of KMM's operating permit to revise the due dates for the semi-annual monitoring and deviation reporting, as well as the annual compliance reports. Previously, KMM was required to submit said reports to the Department within 90 days of the end of each semi-annual reporting period (based on calendar year). The administrative amendment required the aforementioned reports be submitted no later than 45 days after the end of each semi-annual reporting period, making said reports due on February 14th and August 14th. The Department performed this same amendment on most of the Class I operating permits issued in Lancaster County.

2.31 – Class I (Title V) 'Major Source' Operating Permit – Proposed Renewal Construction Permit No. 165 – Proposed Issuance

This document serves as the factual and legal basis for the proposed issuance of an operating permit renewal for KMM, as well as for the proposed issuance of Construction Permit No. 165. Construction Permit No. 165 will consolidate and replace previously issued (and currently effective) Construction Permits No. 061C, 070A, 099A, 111A, 132.

The proposed construction permit will also establish a facility-wide limit on the potential to emit volatile organic compounds (VOCs) to less than 249 tons/year, which is considerably lower than the current facility-wide VOC limit of 425.5 tons/year. The VOC limit will establish this source as a minor source of VOCs for the purposes of the Prevention of Significant Deterioration of Air Quality (PSD). The source will remain a major source of VOCs (and other pollutants) for the purposes of the Title V (Part 70) permitting regulations.

The proposed Construction Permit No. 165 will also remove a facility-wide limit on total HAP emissions. This limit is being removed because it does not serve to avoid applicability of any regulations, and Kawasaki's actual emissions have been well below the limit for the past several years. From both a practical and regulatory standpoint, the facility-wide limit on total HAP emissions does not serve any purpose.

The sections that follow provide more information on the source, the nature of emissions from the source, evaluation of the potential to emit, and a discussion of conditions set forth in the draft permit.

Section 3 – Source Characterization

3.01 – Source Description

The Kawasaki Motors Manufacturing Corp., U.S.A. (hereinafter referred to as 'KMM') Lincoln facility is involved in the manufacture of All-Terrain Vehicles (ATV's), Utility Trucks, Jet Ski Personal Watercraft (PWC), Rail Cars, and OEM Wheels, and Motor Starters.

The following list offers a more detailed description of the activities associated with the emission units comprising the 'Permitted Source' covered by the proposed operating permit.

Emission Unit	Operations Included in Emission Unit
001	Metal Fabrication Operations – operations include shearing, tube cutting, laser metal cutting, chopsawing, swedge machining, tube bending, press braking, and press work. Media parts blasting including sand, soda particulate, and solid carbon dioxide media.
002	Frame Welding Operations – operations include gas-metal arc welding (GMAW), gas-tungsten arc welding (GTAW), oxy-acetylene cutting, fine bore, broaching, lathes, and frame alignment.
003	Fuel Tank Fabrication – operations include oxyacetylene brazing and leak-checking.
004	Wheel Fabrication – operations include spot/seam/GMAW/GTAW welding, oxy-acetylene brazing, belt-sanding, presses (hydraulic/mechanical/pneumatic), and leak-checking.
005	Main Plant (Frame) E–Coat System – operations include inorganic chemical cleaning, chemical pre-treatment, electro-coat dip (surface priming), electro-coat (e-coat) oven curing, powder coat application, powder coat cure oven, and minor sanding/rework.
006	Wheel E–Coat System – operations include inorganic chemical cleaning, chemical pre-treatment, e-coat dip (surface priming), e-coat oven curing, powder coat application, powder coat cure oven, and minor sanding/rework.
007	Mule E–Coat System – operations include inorganic chemical cleaning, chemical pre-treatment, e-coat dip (surface priming), e-coat oven curing, powder coat application, powder coat cure oven, and minor sanding/rework.
008	Blackline Pre–Treatment – operations include inorganic chemical cleaning, chemical pre-treatment, and parts drying.

Emission Unit	Operations Included in Emission Unit
009	Blackline Finishing – operations include automated electrostatic spray painting in a dry filter booth, manual spray in a water wash booth, and paint oven curing.
010	Colorline Finishing – operations include manual spray application of paint in three downdraft/water wash booths followed by oven curing. In addition, a small dry filter booth is utilized for paint touch-up.
011	Clearline Finishing – operations include manual spray application of paint in one downdraft/water wash booth followed by oven curing.
012	RUV Assembly Line – operations include the assembly of component parts into completed recreational utility vehicles (RUV's) followed by a brief, in-unit function test on one assembly line.
013	Mule Assembly Line – operations include the assembly of component parts into completed Mule utility trucks followed by a brief, in-unit function test on one assembly line.
014	ATV Assembly Lines – operations include the assembly of component parts into completed all-terrain vehicles (ATV's) followed by a brief, in-unit function test on assembly lines 1 and 2.
015	Consolidated Jet Ski Manufacturing – operations include cutting to size and closed-molding of SMC (Sheet Molding Compound) into decks, smaller Jet Ski parts, and rail car seats. Some SMC components receive in-mold-cured powder coating that serves as a primer or stand-alone top-coat finish. KMM-molded SMC parts and purchased molded components (primarily decks and hulls) are eligible for post-mold work including de-flashing, sanding, water jet hole cutting, drilling, and other pre-finishing operations. SMC Jet Ski parts as well as ATV, RUV, and rail car plastic parts may receive manual spray application of primer and/or top-coat paint in dry filter paint booths, followed by oven curing. In addition, out-of-booth manual spray application of touch-up paint and curing in a small infrared oven is also performed. Some Jet Ski, ATV, and RUV plastic parts receive further surface finish via a graphics dipping process. Molded Jet Ski decks and hulls are bonded together prior to, or during final assembly. During final assembly of Jet Skis, further minor bonding activities occur. Brief, in-unit engine function is also performed during assembly.
017	Combustion Units – operations include three gas-fired boilers (2 @ 150 hp and 1 @ 127 hp, the latter of which is not in service), liquefied petroleum gas (LPG) vaporizer, water heating units, space heating units, and gas-fired process burners. With the exception of the combustion turbine, all gas-fired combustion units are tied into an LPG standby fuel system.
018	Pyrolysis Ovens – operation includes four ovens used for heat removal of coating materials on parts hangers and coated metal parts for rework. An afterburner is used to control smoke emissions.
019	Miscellaneous Chemical Usage – operation includes materials that are not assigned to a particular process.
020	Passenger Railcar Body Fabrication – operation includes underfloor, side-panel, end-pole, and roof assembly welding.
021	Passenger Railcar Fitting – operation includes the installation of insulation, conduits, terminal boxes, seats, electrical harnesses, wall/ceiling panels, lighting, handrails, and floor covering.
022	Rail Car Function Testing – operation includes inspection and function testing of completed rail car units.
023	Injection molding – operation includes injection molding of ATV, RUV, and Mule components.
024	Motor Starter Manufacturing – operation includes component fabrication and final assembly of electric motor starters (as well as a small number of manual pull starter mechanisms).
025	Emergency Generators – consists of a 175 kw Emergency Generator used to provide back-up power for data servers, and a 300 hp Emergency Fire Pump Engine to supply water to sprinklers during fire emergencies.

3.02 – Significant Sources of Air Pollution

For the purposes of the proposed operating permit, the following emission units, and any emission units included in Attachment A of the proposed permit that are added subsequent to the issuance of the proposed permit that do not require permitting in accordance with Article 2, Sections 17 and/or 19 of the Lincoln-Lancaster County Health Department Air Pollution Control Program Regulations and Standards (LLCAPCPRS), comprise the 'Permitted Source':

Emission Unit (EU) #	Source Classification Code (SCC) #	Emission Point Description	Emission Segment Description
001-01	3-09-001-98	Metal Fabrication	General Processes
002-01	3-09-002-08	Wheelabrator in Frame Welding Area	Shot Blasting
002-02	3-09-005-00	Frame Welding	Welding – General
002-03	3-09-999-93	Frame Welding Chemical Use	Misc. Industrial Processes
003-01	3-09-001-98	Fuel Tank Metal Fabrication	General Processes
003-02	3-09-005-00	Fuel Tank Welding	Welding – General
003-03	3-09-999-93	Fuel Tank Fabrication Chemical Use	Misc. Industrial Processes
004-01	3-09-001-98	Metal Wheel Fabrication	General Processes
004-02	3-09-005-00	Wheel Welding	Welding – General
004-03	3-09-999-93	Wheel Fabrication Chemical Use	Misc. Industrial Processes
005-01	4-02-025-02	Frame E-Coat Chemical Use	Cleaning / Pre-Treatment
005-02	4-02-025-32	Frame E-Coat Chemical Use	Conveyor Single Dip
006-01	4-02-025-02	Wheel E-Coat Chemical Use	Cleaning / Pre-Treatment
006-02	4-02-025-32	Wheel E-Coat Chemical Use	Conveyor Single Dip
007-01	4-02-025-02	Mule E-Coat Chemical Use	Cleaning / Pre-Treatment
007-02	4-02-025-32	Mule E-Coat Chemical Use	Conveyor Single Dip
008-01	4-02-025-02	Blackline Pre-Treatment Chemical Use	Cleaning / Pre-Treatment
009-01	4-02-025-33	Blackline Finishing Chemical Use	Conveyor Single Spray
010-01	4-02-999-98	Colorline Finishing Chemical Use	Miscellaneous
011-01	4-02-999-98	Clearline Finishing Chemical Use	Miscellaneous
012-01	3-09-999-93	RUV Assembly Line Chemical Use	Misc. Industrial Processes
013-01	3-09-999-93	Mule Assembly Line Chemical Use	Misc. Industrial Processes
014-01	3-09-999-93	ATV Assembly Line Chemical Use	Misc. Industrial Processes
015-01	3-08-007-99	Jet Ski Mfg. Chemical Use – Molding	Fiberglass Resin Products (Not Classified)
015-02	3-08-007-04	Jet Ski Mfg. Chemical Use – Bonding	Fiberglass Resin Products (Adhesive)
015-03	3-08-007-99	Jet Ski Mfg. Sanding	Fiberglass Resin Products (Not Classified)
015-04	4-02-022-01	Jet Ski Mfg. Chemical Use – Painting	Plastic Parts Surface Coating
015-05	3-08-008-02	Jet Ski Mfg. – Foaming	Plastic Foam Products [1]
015-06	3-09-999-93	Jet Ski Mfg. Assembly	Misc. Industrial Processes

[1] – This operation was performed in the past and may be performed in future manufacturing. As of permit issuance, this operation is not being utilized.

Emission Unit (EU) #	Source Classification Code (SCC) #	Emission Point Description	Emission Segment Description
017-01	1-02-006-03	<10 MMBtu/hr Boilers	Natural Gas
017-02	1-02-010-02	<10 MMBtu/hr Boilers	LPG Standby
017-03	2-02-002-03	1.5 MW Combustion Turbine	Natural Gas
017-04	4-02-010-01	<10 MMBtu/hr Process Heaters	Natural Gas
017-05	4-02-010-04	<10 MMBtu/hr Process Heaters	LPG Standby
018-01	N/A	<10 MMBtu/hr Pyrolysis Ovens	Natural Gas
018-02	N/A	<10 MMBtu/hr Pyrolysis Ovens	LPG Standby
019-01	N/A	Misc. Chemical Use	Other Not Classified
020-01	3-09-005-00	Rail Car Fabrication Welding	Welding – General
020-02	3-09-999-93	Rail Car Fabrication Chemical Use	Misc. Industrial Processes
021-01	3-09-999-93	Rail Car Fitting Chemical Use	Misc. Industrial Processes
022-01	N/A	Rail Car Function Testing	Inspection / Function Testing
023-01	N/A	Injection Molding	Injection Molding
023-02	3-09-999-93	Injection Molding Chemical Use	Misc. Industrial Processes
024-01	3-09-001-98	Starter Motor Metal Fabrication	General Processes
024-02	3-09-999-93	Starter Motor Chemical Use	Misc. Industrial Processes
025-01	2-02-001-02	175 kw Emergency Generator	Diesel Combustion
025-02	2-02-001-02	300 hp Emergency Fire Pump Engine	Diesel Combustion

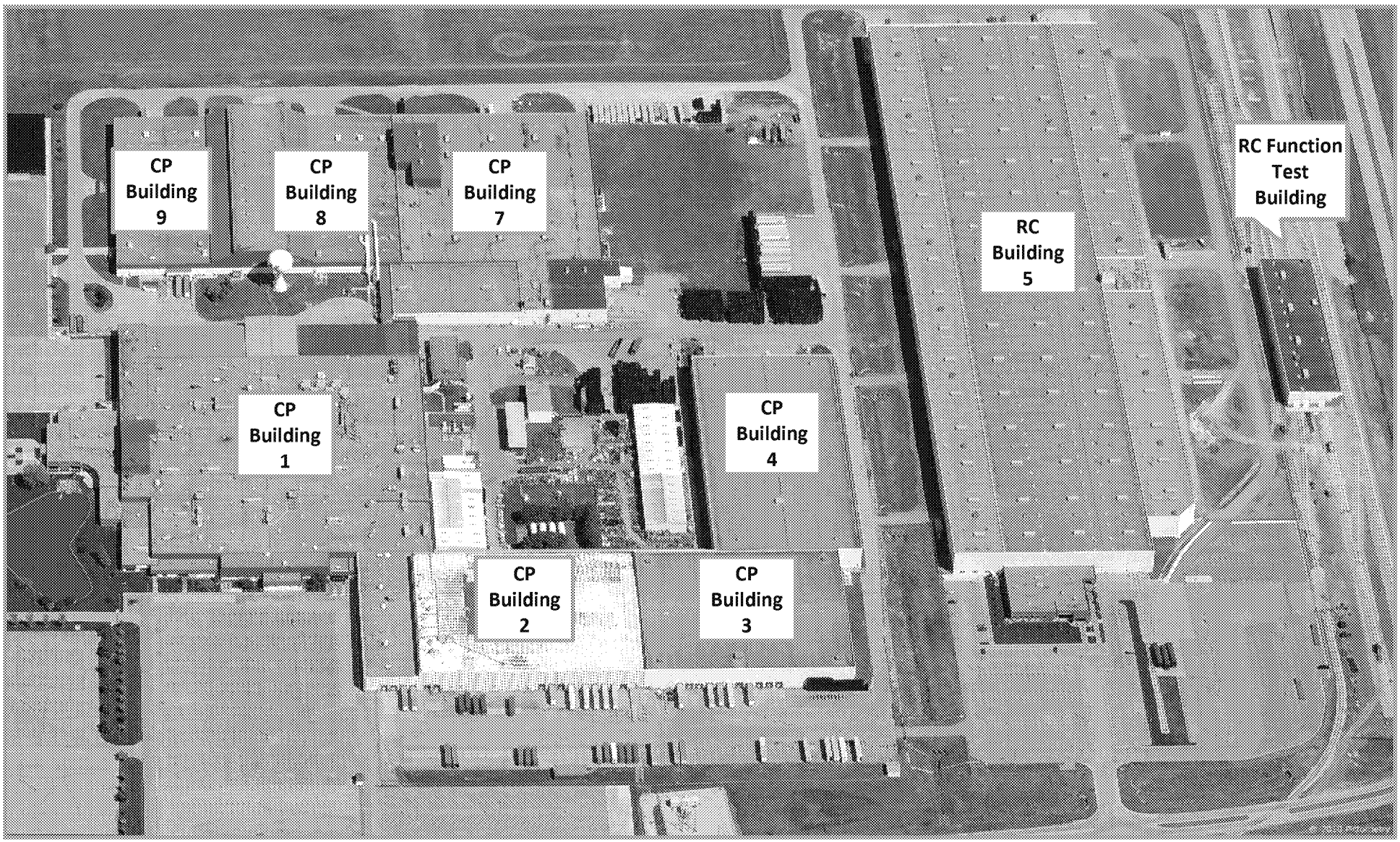
3.03 – Insignificant Activities

For the purposes of the proposed operating permit, the following activities are considered insignificant sources of emissions:

Insignificant Activity	Additional Information
Petroleum Storage	Tanks for Aviation Fuel, Unleaded Gasoline, and Diesel Fuel, with facility throughput less than 1 million gallons per year. As of permit issuance, there are 4 tanks. This total may fluctuate over time.
Process Cooling Towers	Cooling Towers less than 2,000 GPM. As of permit issuance, there are 4 cooling towers. This total may fluctuate over time.

3.4 – Source Aerial View

Aerial view of KMM as viewed from the west looking east.



Section 4 – Emission Characterization

4.01 – Emission Calculation Factors and Methods

The procedures for performing emission calculations are provided in the Class I permit application and the application for Construction Permit No. 165 (CP #165). The procedures presented therein will be used to provide the emissions information required for the annual emissions inventory.

4.02 – Maximum Potential to Emit (MPTE)

4.02.01 – MPTE for Criteria Pollutants

The following emissions are derived from the approved applications (operating and construction) for this facility. For all emission units except combustion units, the emission figures presented below represent a 'theoretical' maximum potential to emit, based on the highest 10-year production level from January 2002 through December 2011, which was then increased by 25% to account for unutilized capability. The VOC emissions represent the maximum allowable emissions under the proposed CP# 165.

Emission Unit	SCC Code	Annual Process Rate	PM_{10} (lbs/yr)	$PM_{2.5}$ (lbs/yr)	NOx (lbs/yr)	SOx (lbs/yr)	VOC (lbs/yr)	CO (lbs/yr)	CO_2e (lbs/yr)	LEAD (lbs/yr)	Total HAPs (lbs/yr)
001-01	3-09-001-98	169,078 CP units	118,193	118,193	-	-		-	-	-	217,138
002-01	3-09-002-08	1,003,413 pounds	13,044	1,304.4	-	-		-	1,003,413	-	-
002-02	3-09-005-00	169,078 CP units	8,115.7	8,115.7	-	-		-	-	-	4,987.8
002-03	3-09-999-93	169,078 CP units	-	-	-	-		-	-	-	-
003-01	3-09-001-98	169,078 CP units	-	-	-	-		-	-	-	-
003-02	3-09-005-00	169,078 CP units	8,115.7	8,115.7	-	-		-	-	-	4,987.8
003-03	3-09-999-93	169,078 CP units	-	-	-	-		-	-	-	-
004-01	3-09-001-98	169,078 CP units	-	-	-	-		-	-	-	-
004-02	3-09-005-00	169,078 CP units	8,115.7	8,115.7	-	-		-	-	-	4,987.8
004-03	3-09-999-93	169,078 CP units	-	-	-	-		-	-	-	-
005-01	4-20-225-02	169,078 CP units	-	-	-	-	498,000	-	-	-	-
005-02	4-02-035-32	169,078 CP units	-	-	-	-		-	-	-	-
006-01	4-02-025-02	169,078 CP units	-	-	-	-		-	-	-	-
006-02	4-02-025-32	169,078 CP units	-	-	-	-		-	-	-	-
007-01	4-02-025-02	169,078 CP units	-	-	-	-		-	-	-	-
007-02	4-02-025-32	169,078 CP units	-	-	-	-		-	-	-	-
008-01	4-02-025-02	169,078 CP units	-	-	-	-		-	-	-	-
009-01	4-02-025-33	169,078 CP units	-	-	-	-		-	-	-	-
010-01	4-02-999-98	169,078 CP units	-	-	-	-		-	-	-	-
011-01	4-02-999-98	169,078 CP units	-	-	-	-		-	-	-	-
012-01	3-09-999-93	169,078 CP units	-	-	-	-		-	-	-	-

Emission Unit	SCC Code	Annual Process Rate	PM_{10} (lbs/yr)	$PM_{2.5}$ (lbs/yr)	NOx (lbs/yr)	SOx (lbs/yr)	VOC (lbs/yr)	CO (lbs/yr)	CO_2e (lbs/yr)	LEAD (lbs/yr)	Total HAPs (lbs/yr)
013-01	3-09-999-93	169,078 CP units	-	-	-	-		-	-	-	-
014-01	3-09-999-93	169,078 CP units	-	-	-	-		-	-	-	-
015-01	3-08-007-99	169,078 CP units	-	-	-	-		-	-	-	-
015-02	3-08-007-04	169,078 CP units	-	-	-	-		-	-	-	-
015-03	3-08-007-99	169,078 CP units	-	-	-	-		-	-	-	-
015-04	4-02-022-01	169,078 CP units	-	-	-	-		-	-	-	-
015-05	3-08-008-02	169,078 CP units	-	-	-	-		-	-	-	-
015-06	3-09-999-93	169,078 CP units	-	-	-	-		-	-	-	-
017-01	1-02-006-03	122 MMcf	925.68	925.68	-	-		10,231	-	0.06	-
017-02	1-02-010-02	1,368 Mgal	-	-	25,992	150.48		-	17,106,840	-	273.60
017-03	2-02-002-03	146 MMcf	1,078.3	1,078.3	10,623	335.16		2,083.8	17,590,313	0.07	275.00
017-04	4-02-010-01	555 MMcf	4,220.9	4,220.9	-	-		46,653	-	0.28	-
017-05	4-02-010-04	6,240 Mgal	-	-	118,560	686.40		-	78,031,200	-	1,248.0
017-06	1-05-001-06	1,669 MMcf	-	-	-	-		-	-	0.83	-
017-07	1-05-001-10	18,751 Mgal	21,189	21,189	243,763	26,814		140,633	239,510,273	-	3,750.2
018-01	---	26 MMcf	200.79	200.79	-	-		2,219.3	-	0.01	-
018-02	---	297 Mgal	-	-	5,643.0	32.67		-	3,713,985	-	59.40
019-01	---	169,078 CP units	-	-	-	-		-	-	-	-
020-01	3-09-005-00	310 RC units	8,115.7	8,115.7	-	-		-	-	-	4,987.8
020-02	3-09-999-93	310 RC units	-	-	-	-		-	-	-	-
021-01	3-09-999-93	310 RC units	-	-	-	-		-	-	-	-
022-01	---	310 RC units	-	-	-	-		-	-	-	-
023-01	---	310 RC units	-	-	-	-		-	-	-	-
023-02	3-09-999-93	310 RC units	-	-	-	-		-	-	-	-
024-01	3-09-001-98	310 RC units	-	-	-	-		-	-	-	-
024-02	3-09-999-93	310 RC units	-	-	-	-		-	-	-	-
025-01	2-02-001-02	6.10 Mgal	259.25	259.25	3,684.4	242.17		793.00	137,860	3.36	3.36
025-02	2-02-001-02	8.00 Mgal	340.00	340.00	4,832	317.60		1,040.0	180,800	4.40	4.40
Total Emissions (pounds per year)			191,914	180,174	413,097	28,578	498,000	203,653	357,274,684	9.014	242,703
Total Emissions (tons per year)			95.96	90.09	206.6	14.29	249.0	101.8	178,637	0.005	121.4

4.02.02 – MPTE for Hazardous Air Pollutants

As discussed in Section 4.02.01, the maximum potential to emit total hazardous air pollutants was calculated based on 'factored up' actual emissions from the highest annual production from January 2002 through December 2011. As reflected in Section 4.02.01, total HAP emissions are well in excess of the major source threshold of 25.0 tons/year, even without factoring the emissions up to account for unutilized production capability. As such, this source is a major source, and has been operating as such for many years. The following HAP emission totals are provided for informative purposes only to give some insight into the nature of the HAP emissions at this source.

HAP Name	CAS #	Emissions (lbs)	Emissions (tons)
Glycol ethers	-17-1	6,161	3.081
Formaldehyde	50-00-0	73.91	0.037
Chloroform	67-66-3	16.22	0.008
Benzene	71-43-2	1,214	0.607
Methyl methacrylate	80-62-6	660.7	0.330
Dibutylphthalate	84-74-2	220.4	0.110
Naphthalene	91-20-3	1,025	0.513
Cumene	98-82-8	41.77	0.021
Ethyl benzene	100-41-4	3,654	1.827
Styrene	100-42-5	19,119	9.560
Methylene diphenyl diisocyanate	101-68-8	29,463	14.732
Ethylene glycol	107-21-1	131,275	65.638
Methyl isobutyl ketone	108-10-1	342.8	0.171
Toluene	108-88-3	10,980	5.490
n-Hexane	110-54-3	1,278	0.639
Perchloroethylene	127-18-4	23.53	0.012
Hexamethylene-1,6-diisocyanate	822-06-0	44.40	0.022
Xylenes	1330-20-7	11,546	5.773
Combustion HAPs [1]	---	5,615	2.807
Welding HAPs [2]	---	19,951	9.975
Totals		242,705	121.35

[1] – Combustion HAPs consist primarily of Hexane and Formaldehyde. About 95% of combustion HAP emissions are Hexane.

[2] – Welding HAPs consist of Chromium, Cobalt, Manganese, and Nickel. About 99% of welding HAP emissions are Manganese.

4.02.03 – MPTE – Permit Threshold Evaluation

The following table summarizes the source's potential to emit, and compares it to applicable Class I and Class II operating permit thresholds.

Criteria Pollutant	Emissions (tpy)	Class II Permitting Threshold	Meet or Exceed?	Class I Permitting Threshold	Meet or Exceed?
PM_{10}	95.96	≥ 15 tpy	**Yes**	≥ 100 tpy	No
$PM_{2.5}$	90.09	N/A	N/A	N/A	N/A
NOx	206.56	≥ 40 tpy	**Yes**	≥ 100 tpy	**Yes**
SOx	14.289	≥ 40 tpy	No	≥ 100 tpy	No
VOC	249.00 [1]	≥ 40 tpy	**Yes**	≥ 100 tpy	**Yes**
CO	101.83	≥ 50 tpy	**Yes**	≥ 100 tpy	**Yes**
Lead	0.005	≥ 0.6 tpy	No	≥ 5 tpy	No
CO_2e	178,637	N/A	N/A	N/A	N/A
Hazardous Air Pollutant	**Emissions (tpy)**	**Class II Permitting Threshold**	**Meet or Exceed?**	**Class I Permitting Threshold**	**Meet or Exceed?**
Greatest Single HAP	65.638	≥ 2.5 tpy	**Yes**	≥ 10.0 tpy	**Yes**
Total Combined HAPs	121.35	≥ 10.0 tpy	**Yes**	≥ 25.0 tpy	**Yes**

[1] - This figure represents the maximum potential to emit VOCs allowed under Construction Permit No. 165, which will establish an enforceable limit on facility emissions.

4.03 – Actual Potential to Emit (APTE)

For KMM, the 'actual' potential to emit is the same as the MPTE due to limits that have been proposed in Construction Permit No. 165. This construction permit places a federally-enforceable limit on the emissions from this source, thus the figures presented herein represent the sources' actual maximum potential to emit. It should be noted that the limits provided for under the construction permits are still well in excess of the Class I permitting thresholds, so an evaluation of the APTE would not yield resulting emission totals lower than the Class I permitting thresholds.

4.04 – Permit Threshold Evaluation

As noted in Section 4.03, even after incorporating emission limits, emissions from this source are of sufficient quantities as to qualify for a Class I operating permit. This source will be classified as a 'major source' of air pollution. Because this facility has the potential to emit both criteria air pollutants and hazardous air pollutants above the major source thresholds, and is accepting no limits to maintain actual emissions below those thresholds, this source is classified as a 'major source' of both criteria and hazardous air pollutants.

Section 5 – Applicable and Non-Applicable Regulations & Requirements

5.01 – Title V Operating Permit Applicable and Non-Applicable Regulations

5.01.01 – Applicable Regulations under the LLCAPCPRS

The following is a list of local regulations that have been incorporated as applicable requirements in the proposed Title V Operating Permit.

(A) The following articles (Art.) and sections (§) of the LLCAPCPRS apply to this source:

(1) Art. 1, § 1: Intent
(2) Art. 1, § 2: Unlawful Acts – Permits Required
(3) Art. 1, § 3: Violations – Hearings – Orders
(4) Art. 1, § 4: Appeal Procedure
(5) Art. 1, § 5: Variance
(6) Art. 1, § 6: Fees
(7) Art. 1, § 7: Compliance – Actions to Enforce – Penalties for Non-Compliance
(8) Art. 1, § 8: Procedure for Abatement
(9) Art. 1, § 9: Severability
(10) Art. 2, § 1: Definitions
(11) Art. 2, § 2: Major Sources – Defined
(12) Art. 2, § 4: Ambient Air Quality Standards
(13) Art. 2, § 5: Operating Permits – When Required
(14) Art. 2, § 6: Emissions Reporting – When Required
(15) Art. 2, § 7: Operating Permits – Application
(16) Art. 2, § 8: Operating Permits – Content
(17) Art. 2, § 11: Emergency Operating Permits – Defense
(18) Art. 2, § 12: Operating Permit Renewal and Expiration
(19) Art. 2, § 13: Class I Operating Permit – EPA Review – Affected States Review
(20) Art. 2, § 14: Permits – Public Participation
(21) Art. 2, § 15: Permit Modifications – Reopening for Cause
(22) Art. 2, § 16: Stack Heights – Good Engineering Practice (GEP)
(23) Art. 2, § 17: Construction Permits – When Required
(24) Art. 2, § 18: New Source Performance Standards (NSPS)
(25) Art. 2, § 19: Prevention of Significant Deterioration of Air Quality
(26) Art. 2, § 20: Particulate Limitations and Standards
(27) Art. 2, § 22: Incinerator Emissions
(28) Art. 2, § 23: Hazardous Air Pollutants – Emission Standards
(29) Art. 2, § 24: Sulfur Compound Emissions – Existing Sources – Emission Standards
(30) Art. 2, § 27: Hazardous Air Pollutants – Maximum Achievable Control Technology
(31) Art. 2, § 28: Hazardous Air Pollutants – MACT Emission Standards
(32) Art. 2, § 29: Operating and Construction Permit Emission Fees
(33) Art. 2, § 32: Dust – Duty to Prevent Escape of
(34) Art. 2, § 33: Compliance – Time Schedule For
(35) Art. 2, § 34: Emission Sources – Testing and Monitoring
(36) Art. 2, § 35: Compliance – Exceptions Due to Startup Shutdown or Malfunction
(37) Art. 2, § 36: Control Regulations – Circumvention – When Excepted
(38) Art. 2, § 37: Compliance – Responsibility of Owner/Operator Pending Review by Director
(39) Art. 2, § 38: Emergency Episodes – Occurrence and Control – Contingency Plans
(40) Appendix I: Emergency Emission Reduction Regulations
(41) Appendix II & III: Hazardous Air Pollutants (HAPs)

5.01.02 – Applicable Requirements under the Lincoln Municipal Code (LMC)

The following is a list of local ordinances that have been incorporated as applicable requirements in the proposed Title V Operating Permit.

(B) The following sections of the Lincoln Municipal Code (LMC) apply to this source:
- (1) Section 8.06.140: Open Burning
- (2) Section 8.06.145: Open Burning Permits
- (3) Section 8.06.130: Odor Nuisances Prohibited
- (4) Section 8.06.150: Air Pollution Nuisances Prohibited

5.01.03 – Applicable Federal Regulations

The following is a list of federal regulations that have been incorporated as applicable requirements in the proposed Title V Operating Permit.

(C) The following [SEQ CHAPTER \h \r 1]Federal Regulations, including those not currently delegated to the Lincoln-Lancaster County Health Department (LLCHD) or not yet included in the Lincoln-Lancaster County Air Pollution Control Program Regulations and Standards (LLCAPCPRS), apply to this source:
- (1) 40 CFR Part 60 – New Source Performance Standards (NSPS):
  - (a) Subpart A: NSPS General Provisions
  - (b) Subpart GG: Standards of Performance for Stationary Gas Turbines
  - (c) Subpart IIII: Standards of Performance for Stationary Compression Ignition Internal Combustion Engines (CI ICE)
- (2) 40 CFR Part 61 – National Emission Standards for Asbestos
- (3) 40 CFR Part 63 – National Emission Standards for Hazardous Air Pollutants Maximum Achievable Control Technology (NESHAP MACT):
  - (a) Subpart A: NESHAP MACT General Provisions
  - (b) Subpart MMMM: NESHAP MACT for Surface Coating of Miscellaneous Metal Parts and Products
  - (c) Subpart PPPP: NESHAP MACT for Surface Coating of Plastic Products
  - (d) Subpart VVVV: NESHAP MACT for Boat Manufacturing
  - (e) Subpart WWWW: NESHAP MACT for Reinforced Plastic Composites Production
  - (f) Subpart ZZZZ: NESHAP MACT for Stationary Reciprocating Internal Combustion Engines (RICE)
  - (g) Subpart DDDDD: NESHAP MACT for Industrial, Commercial, And Institutional Boilers And Process Heaters
- (4) 40 CFR Part 82 – Protection of the Stratospheric Ozone

5.01.04 – Non-Applicable Federal Regulations

The following is a list of federal regulations that have been determined as non-applicable requirements in the proposed Title V Operating Permit.

(D) The following [SEQ CHAPTER \h \r 1]Federal Regulations, including those not currently delegated to the Department or not yet included in the LLCAPCPRS, do not apply to this source:
- (1) 40 CFR Part 51 – Appendix S: Emission Offset Interpretive Ruling
- (2) 40 CFR Part 52 – Subpart A §52.21: Prevention of Significant Deterioration of Air Quality
- (3) 40 CFR Part 60 – Subparts C–EE, HH–HHHH, and JJJJ–OOOO
- (4) 40 CFR Part 63 – Subparts F–KKKK, Subparts NNNN–OOOO, QQQQ–UUUU, XXXX–YYYY, AAAAA–CCCCC, and EEEEE–HHHHHHH
- (5) 40 CFR Part 64 – Compliance Assurance Monitoring

(6) [SEQ CHAPTER \h \r 1]40 CFR Part 68 – Chemical Accident Prevention Provisions

5.01.05 – Non-Applicable Regulations under the LLCAPCPRS

The following is a list of local regulations that have been determined as non-applicable requirements in the proposed Title V Operating Permit.

(E) The following [SEQ CHAPTER \h \r 1] articles (Art.) and sections (§) of the LLCAPCPRS do not apply to this source (see Attachment B of the proposed permit for specific non-applicability of select provisions):

(1) Art. 2, §§ 3, 30, and 31: Reserved
(2) Art. 2, § 9: General Operating Permits for Class I and II Sources
(3) Art. 2, § 10: Operating Permits for Temporary Sources
(4) Art. 2, § 21: Compliance Assurance Monitoring
(5) Art. 2, § 25: Nitrogen Oxides (Calculated as Nitrogen Dioxide) — Emissions Standards for Existing Stationary Sources
(6) Art. 2, § 26: Acid Rain

5.02 – Construction Permit No. 165 Applicable and Non-Applicable Regulations

In accordance with General Condition I of the proposed Construction Permit No. 165, the owner/operator shall maintain compliance with all applicable regulations and requirements set forth in the Lincoln-Lancaster County Air Pollution Control Program Regulations and Standards (LLCAPCPRS), the Lincoln Municipal Code (LMC), as well as any applicable federal regulations and standards.

The owner/operator is responsible for identifying, and maintaining compliance with, any applicable regulations and requirements.

Section 6 – Discussion of Proposed Permit Conditions, Monitoring, Reporting, Notification and Record Keeping Requirements

6.01 – Title V Operating Permit Proposed Conditions

6.01.01 – Title V Operating Permit General Conditions

Conditions II through XXXIX are general conditions that are applicable to all Class I sources. There will not be an in-depth discussion of these requirements, except to note the following General Conditions specifically related to fees, monitoring, reporting, notification, and record keeping:

VII. – Annual Fees
XV. – Annual Emission Reporting
XVI. – Timely Applications
XVII. – Certification of Truth, Accuracy, and Completeness
XIX. – Record Keeping Elements and Retention Times
XX. – Semi-Annual Monitoring and Deviation Reporting
XXVI. – Annual Certification of Compliance
XXVII. – Permit Copy Maintenance and Retention
XXXI. – Notification of Source Modifications
XXXVII. – 'Credible Evidence Rule'
XXXVIII. – Startup, Shutdown, and Malfunction (SSM) Provisions

6.01.02 – Title V Operating Permit Specific Conditions

The following are specific conditions of the proposed Class I operating permit:

XLII. – The provisions of the regulations cited under this condition establish that the Specific Conditions of this permit are deemed necessary by the Director to protect

public health and/or the environment. All terms and conditions of this permit are enforced by the Administrator and the citizens under the Act, except for those terms and conditions that are specifically designated as not being federally enforceable.

XLIII. – Source Wide Requirements. These conditions apply to all emission units not otherwise addressed in a Specific Condition of the proposed permit.

(A) Emission Limits.

(A)(1)-(7) – The emission limits set forth under these conditions are derived from the proposed Construction Permit No. 165. Further discussion of these limits is provided in Section 6.02.02 of this document.

(A)(8) – The emission limits set forth under these conditions serve to reiterate the emission limit requirements set forth under General Conditions XXXIII, XXXV, and XXXVI. This condition serves to ensure that all emission units not otherwise addressed by a different Specific Condition of the permit remain in compliance with applicable emission limits.

(A)(9) – The emission limit set forth under this condition is an applicable requirement of the pyrolysis ovens. While these units meet the definition of 'part, rack, and drum reclamation units' for the purposes of the New Source Performance Standards in 40 CFR Part 60, they are still considered incinerators consistent with the definitions set forth in Article 2, Section 1 of the LLCAPCPRS. As such, the limit set forth in Article 2, Section 22, paragraph (A)(14)(a) is an applicable requirement.

(B) Operating Requirement and Throughput Limits.

(B)(1)-(5) – The operating requirements and throughput limits set forth under these conditions are derived from the proposed Construction Permit No. 165. Further discussion of these limits is provided in Section 6.02.02 of this document.

(B)(6) – The emission control requirements set forth under this condition are applicable requirements for the same reasons specified in the explanation provided for Specific Condition XLIII(A)(9).

(C) Monitoring Requirements.

(C)(1)-(6),(C)(8) – The monitoring requirements set forth under these conditions are derived from the proposed Construction Permit No. 165. Further discussion of these requirements is provided in Section 6.02.02 of this document.

(C)(7) – This condition establishes the procedure to be used for performing 6-minute visible emissions surveys to demonstrate compliance with the opacity limit set forth in General Condition XXXIII(C) of the proposed permit. This condition is referenced in other Specific Conditions of this permit in order ensure that a consistent procedure is used to conduct such surveys over the entire source.
At the time this document was prepared, none of the individuals employed at the source meet the requirements for being 'trained in EPA Test Method 9'. The proposed permit provides a period of time (starting on the date of permit issuance and ending January 1, 2016) for the owner/operator to have personnel attend a Method 9 training program and get personnel certified in Method 9. During

that interim period, observations will be conducted by personnel that have completed the classroom portion of a Method 9 training program. It is worth noting here that the individuals who will be conducting the observations during the interim period are the same individuals who have been responsible for visible emission observations during the term of the existing Title V permit.

(C)(9) – The monitoring requirements under this condition are designed to ensure compliance with the emission control requirement set forth under Specific Condition XLIII(B)(6), and to ensure that the owner/operator properly operates and maintains the pyrolysis ovens and their associated afterburners. Compliance with the minimum afterburner operating temperature will ensure adequate destruction of emissions to prevent excess opacity.

(D) Record Keeping Requirements.

(D)(1)-(7) – The record keeping requirements set forth under these conditions are derived from the proposed Construction Permit No. 165. Further discussion of these requirements is provided in Section 6.02.02 of this document.

(D)(8) – This condition serves to ensure that the owner/operator maintains records of monitoring activity required under Specific Condition XLIII(C)(7).

(D)(9) – This condition serves to ensure that the owner/operator maintains records of control device observations and maintenance required under Specific Condition XLIII(C)(8).

(D)(10) – This condition serves to ensure that the owner/operator maintains records of temperature observations required under Specific Condition XLIII(C)(9) as well as any corrective actions taken during periods of malfunction (if any).

(D)(11) – This condition serves to reiterate General Condition XIX to ensure that the owner/operator maintains all required records, as well as required supporting information, for a duration adequate to demonstrate compliance during the term of the proposed permit.

(E) Reporting Requirements.

(E)(1)-(5) – The reporting requirements limits set forth under these conditions are derived from the proposed Construction Permit No. 165. Further discussion of these requirements is provided in Section 6.02.02 of this document.

(E)(6) – This condition serves to ensure that the owner/operator maintains compliance with the reporting requirements set forth under the various NSPS and NESHAP MACT requirements set forth under Specific Conditions XLIII(F)-(G).

(F) New Source Performance Standard (NSPS) Requirements.

(F)(1)-(3) – This condition serves to incorporate all applicable requirements (as they apply to the emission units listed under the respective paragraphs) set forth under 40 CFR Part 60, Subparts GG and IIII by reference. KMM is responsible for complying with all applicable requirements set forth under this rule, as well as complying with all

applicable requirements set forth under 40 CFR Part 60, Subpart A (General Provisions) as they apply to Subparts GG and IIII.

(G) National Emission Standards for Hazardous Air Pollutants – Maximum Achievable Control Technology (NESHAP MACT) Requirements.

(G)(1) – This condition serves to incorporate all applicable requirements set forth under 40 CFR Part 63, Subpart MMMM by reference. KMM is responsible for complying with all applicable requirements set forth under this rule, as well as complying with all applicable requirements set forth under 40 CFR Part 63, Subpart A (General Provisions) as they apply to Subpart MMMM.

(G)(2) – This condition serves to incorporate all applicable requirements set forth under 40 CFR Part 63, Subpart PPPP by reference. KMM is responsible for complying with all applicable requirements set forth under this rule, as well as complying with all applicable requirements set forth under 40 CFR Part 63, Subpart A (General Provisions) as they apply to Subpart PPPP.

(G)(3) – This condition serves to incorporate all applicable requirements set forth under 40 CFR Part 63, Subpart VVVV by reference. KMM is responsible for complying with all applicable requirements set forth under this rule, as well as complying with all applicable requirements set forth under 40 CFR Part 63, Subpart A (General Provisions) as they apply to Subpart VVVV.

(G)(4) – This condition serves to incorporate all applicable requirements set forth under 40 CFR Part 63, Subpart WWWW by reference. KMM is responsible for complying with all applicable requirements set forth under this rule, as well as complying with all applicable requirements set forth under 40 CFR Part 63, Subpart A (General Provisions) as they apply to Subpart WWWW.

(G)(5) – This condition serves to incorporate all applicable requirements set forth under 40 CFR Part 63, Subpart ZZZZ by reference, as they apply to EU 025-01. KMM is responsible for complying with all applicable requirements set forth under this rule, as well as complying with all applicable requirements set forth under 40 CFR Part 63, Subpart A (General Provisions) as they apply to Subpart ZZZZ.

(G)(6) – This condition serves to incorporate all applicable requirements set forth under 40 CFR Part 63, Subpart ZZZZ by reference, as they apply to EU 025-02. KMM is responsible for complying with all applicable requirements set forth under this rule, as well as complying with all applicable requirements set forth under 40 CFR Part 63, Subpart A (General Provisions) as they apply to Subpart ZZZZ.

(G)(7) – This condition serves to incorporate all applicable requirements set forth under 40 CFR Part 63, Subpart DDDDD by reference. KMM is responsible for complying with all applicable requirements set forth under this rule, as well as complying with all applicable requirements set forth under 40 CFR Part 63, Subpart A (General Provisions) as they apply to Subpart DDDDD.

(H) Other Requirements.

(H)(1)-(2) – The requirements set forth under these conditions are derived from the proposed Construction Permit No. 165. Further discussion of these requirements is provided in Section 6.02.02 of this document. It is worth noting that both the proposed Title V Operating Permit and the proposed Construction Permit No. 165 have the same 'Attachment A' table associated with each respective permit. This table has been attached to both permits in order to assure consistency between the permits.

6.01.03 – Title V Operating Permit Attachments

Attachment A – This attachment serves to account for VOC-emitting equipment added subsequent to the issuance of this permit, for which a construction permit is not required pursuant to Article 2, Section 17 of the LLCAPCPRS. The VOC limit established in Specific Condition XLIII(A)(1) is designed to maintain the source as a 'minor source' for the purposes of the Prevention of Significant Deterioration of Air Quality (PSD) permitting regulations. The addition of any new VOC-emitting equipment during the course of the permit could result in the source's potential to emit VOCs exceeding the established limit, thereby making the source a 'major source' for the purposes of PSD.

Any new equipment that requires a construction permit pursuant to Article 2, Section 17 of the LLCAPCPRS will be addressed through the existing regulatory channels. This attachment serves to address that equipment which, due the associated potential to emit, would not require a construction permit. Additions to this table will be processed as a 'Minor Permit Modification' consistent with the regulations set forth in Article 2, Section 15 of the LLCAPCPRS.

Attachment B – This attachment serves to identify the specific regulations included in the Permit Shield provided under General Condition XXVIII.

Attachment C – This attachment serves to identify the 'Visual Observation Zones' for which the owner/operator is required to perform visible emissions observations in accordance with the requirements set forth under Specific Condition XLIII(C)(7).

6.02 – Construction Permit No. 165 Proposed Conditions

6.02.01 – Construction Permit No. 165 General Conditions

Condition I serves to state that the owner/operator is responsible for identifying and complying with any applicable regulations and requirements.

Conditions II through XXVIII are general conditions that are applicable to all sources that are required to obtain a construction permit. There will not be an in-depth discussion of these requirements, except to note the following General Conditions specifically related to fees, monitoring, reporting, notification, and record keeping:

- VII. – Annual Fees
- XIII. – Annual Emission Reporting
- XIV. – Notification of Source Modifications
- XV. – Modification of the Construction Permit
- XVI. – Construction Permits: When Required and Construction Permit Fees
- XXXVII. – 'Credible Evidence Rule'
- XXXVIII. – Startup, Shutdown, and Malfunction (SSM) Provisions
- XXVII. – Permit Copy Maintenance and Retention

6.02.02 – Construction Permit No. 165 Specific Conditions

The following are specific conditions of the proposed Construction Permit No. 165:

XLIII. – These conditions apply to all emission units not otherwise addressed in a Specific Condition of the proposed permit.

(A) Emission Limits.

(A)(1)-(7) – The emission limits set forth under this condition is designed to establish the source as a minor source of VOC emissions for the purposes of PSD. This condition has been designed to cover all existing emission units, combustion equipment that would typically be considered 'insignificant' for the purposes of permitting, and any new VOC-emitting equipment that may be added subsequent to issuance of this permit. This limit is being used to replace an existing facility-wide VOC limit of 425.5 tons/year, which represents a decrease in potential to emit of 176.5 tons/year. It is worth noting that establishing this source as a minor source for PSD purposes will not result in the shut-down or removal of any control equipment, as Kawasaki does not utilize any post-emission control devices to control VOC emissions. Kawasaki will continue to be subject to several NESHAP MACT standards, which require them to maintain compliance with emission limits for organic HAPs, which pollutants would also be considered VOCs.

(A)(2)-(7) – The emission limits set forth under these conditions were derived from the currently existing Construction Permits No. 061C, 070A, 099A, 111A, and 132. The basis for the limits and requirements set forth in those permits are provided in the 'Statement of Basis' documents for those permits, and as such, are considered settled matters for the purposes of this permit. However, some of the limits that were established in those previous permits will not be retained in the 'consolidation construction permit' (Construction Permit No. 165). A list of significant changes between those previously issued permits and the proposed Construction Permit No. 165, including the reasons for the changes, is provided as follows:

- *Construction Permit No. 061C – Frame E-Coat (E-Coat #1) Paint System, Associated Paint Bake Oven, and Powder Coat Bake Oven.*
  - The existing source-wide VOC limit of 425.5 tons/year will be replaced with a source-wide VOC limit of 249.0 tons/year, which will establish the source as a minor source for the purposes of PSD.
  - The existing VOC limit of 22.0 tons/year for the E-Coat #1 system (and associated equipment) will be removed. When the permit was originally issued, a VOC limit of 39.0 tons/year was established, but for reasons that the Department has been unable to verify, the limit was later reduced to 22.0 tons/year. The original limit of 39.0 tons/year was established in order to avoid PSD 'best available control technology' (PSD-BACT) requirements. Because the source will no longer be a major source for the purposes of PSD, a PSD-BACT avoidance limit no longer serves any purpose.
  - The existing Glycol ether emission limit of 16.0 tons/year will be removed. A review of historic permitting information revealed that, when the permit was originally issued, there was no

significant increase in Glycol ethers associated with the new equipment, and that the Glycol ether emission limit was later established to cover equipment that was already in existence. The limit does not apply to any of the equipment for which the original permit (Construction Permit No. 061) was issued. The Department believes that this limit was unnecessary, and there is no regulatory basis for such a limit.

- The existing facility-wide limit of 246.0 tons/year for total HAP emissions will be removed. This limit is being removed because it does not serve to avoid applicability of any regulations, and Kawasaki's actual emissions have been well below the limit for the past several years. From both a practical and regulatory standpoint, the facility-wide limit on total HAP emissions does not serve any purpose.
- The existing emission limits of <2.5 tons/year for each individual HAP, and of <10.0 tons/year for total combined HAPs will be retained (these were 'toxics BACT' or 'T-BACT' avoidance limits), but they will no longer exclude Glycol ethers. As previously stated, the addition of the E-Coat #1 system (and associated equipment) did not result in a significant change in Glycol ether emissions. The 2.5/10.0 ton limits will cover emissions of Glycol ethers from the E-Coat #1 system (and associated equipment), just as they will cover all other HAP emissions from this equipment.

- *Construction Permit No. 070A – Wheel E-Coat (E-Coat #2) Paint System (8-stage pretreatment & 5-stage coating process), associated Paint Bake Oven, three (3) associated Powder Coating Booths, and associated Powder Coat Bake Oven.*
  - The existing source-wide VOC limit of 425.5 tons/year will be replaced with a source-wide VOC limit of 249.0 tons/year, which will establish the source as a minor source for the purposes of PSD.
  - The existing VOC limit of 18.0 tons/year for the E-Coat #2 system (and associated equipment) will be removed. The original limit of 18.0 tons/year was established in order to avoid PSD 'best available control technology' (PSD-BACT) requirements. Because the source will no longer be a major source for the purposes of PSD, a PSD-BACT avoidance limit no longer serves any purpose.
  - The existing Glycol ether emission limit of 16.0 tons/year will be removed. A review of historic permitting information revealed that, when the permit was originally issued, there was no significant increase in Glycol ethers associated with the new equipment, and that the Glycol ether emission limit was later established to cover equipment that was already in existence. The limit does not apply to any of the equipment for which the original permit (Construction Permit No. 061) was issued. The Department believes that this limit was unnecessary, and there is no regulatory basis for such a limit.
  - The existing facility-wide limit of 246.0 tons/year for total HAP emissions will be removed. This limit is being removed because it does not serve to avoid applicability of any regulations, and Kawasaki's actual emissions have been well below the limit for

the past several years. From both a practical and regulatory standpoint, the facility-wide limit on total HAP emissions does not serve any purpose.

- The existing emission limits of <2.5 tons/year for each individual HAP, and of <10.0 tons/year for total combined HAPs will be retained (these were 'toxics BACT' or 'T-BACT' avoidance limits), but they will no longer exclude Glycol ethers. As previously stated, the addition of the E-Coat #2 system (and associated equipment) did not result in a significant change in Glycol ether emissions. The 2.5/10.0 ton limits will cover emissions of Glycol ethers from the E-Coat #2 system (and associated equipment), just as they will cover all other HAP emissions from this equipment.

- *Construction Permit No. 099A – 'SMC Area' consisting of SMC Molding (press, cutting equip., deflashing, sanding & baghouse, storage), Ski Bonding (drill & baghouse), and SMC Painting (sanding & baghouse, 4 paint booths w/ dry filters, 2 paint bake ovens, 1 touch-up bake oven, 150 hp boiler, 2 water jet cutting machines, storage).*
  - The existing source-wide VOC limit of 425.5 tons/year will be replaced with a source-wide VOC limit of 249.0 tons/year, which will establish the source as a minor source for the purposes of PSD.
  - The existing VOC limit of 120.0 tons/year for the SMC Area will be removed. This was a consolidated VOC limit that was established through previous permits in order to avoid PSD 'best available control technology' (PSD-BACT) requirements. Because the source will no longer be a major source for the purposes of PSD, a PSD-BACT avoidance limit no longer serves any purpose.
  - The existing emission limits for Methanol and Hexane (≤2.48 tons/year and ≤2.41 tons/year, respectively) will be removed. Because all other individual HAPs for which the potential to emit from the SMC Area is less than 2.5 tons/year are limited by the generic limit of <2.5 tons/year per pollutant, the Department believes that this limit was unnecessary, and there is no regulatory basis for such a limit. All other HAPs for which the potential to emit from the SMC area equals or exceeds 2.5 tons/year will still be subject to individual limits.
  - The existing facility-wide limit of 246.0 tons/year for total HAP emissions will be removed. This limit is being removed because it does not serve to avoid applicability of any regulations, and Kawasaki's actual emissions have been well below the limit for the past several years. From both a practical and regulatory standpoint, the facility-wide limit on total HAP emissions does not serve any purpose.
  - The production limit of 50,000 Jet-Skis per year has been removed. Because both the existing and proposed construction permits establish specific emission limits for the SMC Area, the production limit is immaterial.
  - The SMC Area paint booth control requirements have been removed, as engineering calculations show that the paint booths are in compliance with all particulate limits even without the use

of the filters, and visible emission concerns will be addressed via visible emission surveys.

- *Construction Permit No. 111A – 1.5 Megawatt Stationary Natural Gas-Fired Industrial Turbine with Heat Input Rating of 20.5 Million BTU/Hr and a Heat Recovery Steam Generator.*
  - The annual pollutant limits for criteria pollutants have been removed, because the maximum emissions allowed under the natural gas throughput limit (180 MMcf/year) are lower than the annual emission limits. The limits for individual and total HAPs remain in place, as these were 'T-BACT' avoidance limits.
  - The unit-specific opacity limit of <20% was removed, because the <20% opacity limit is established now as General Condition XVII(C) of the proposed permit. In addition, the opacity monitoring requirements for the turbine have been removed, as opacity from the turbine will be monitored as needed (only if the turbine operates, which is rare) using the same procedures established in the proposed Title V Operating Permit Condition XLIII(C)(7).
- *Construction Permit No. 132 – Replacement Blackline Manual Spray Paint Booth.*
  - The annual limit for PM_{10} has been removed, as such a limit is typically only requested (and placed in a permit) in order to avoid the requirement to obtain a Class II (minor source) operating permit. Because Kawasaki requires a Title V Operating Permit, this limit serves no purpose.
  - The existing VOC limit of <40.0 tons/year for has been removed. The original limit of <40.0 tons/year was established in order to avoid PSD 'best available control technology' (PSD-BACT) requirements. Because the source will no longer be a major source for the purposes of PSD, a PSD-BACT avoidance limit no longer serves any purpose.
  - The limits for individual and total HAPs remain in place. When the permit was originally issued, these limits were apparently established in order to avoid T-BACT and MACT requirements, but the original permit incorporated NESHAP MACT requirements, so the limits likely had little practical effect. However, because these limits represent the maximum potential to emit, increasing or removing them would require another BACT/MACT analysis for HAP emissions, which may require the installation of additional HAP controls. Because Kawasaki is currently operating this equipment well below the established limits, the limits will be retained to avoid the requirement for additional HAP control analysis.
  - The unit-specific opacity limit of <20% was removed, because the <20% opacity limit is established now as General Condition XVII(C) of the proposed permit. In addition, the opacity monitoring requirements for this booth have been removed, as opacity from the booth will be monitored as needed using the same procedures established in the proposed Title V Operating Permit Condition XLIII(C)(7).

(B) Operating Requirements and Throughput Limits.

(B)(1)-(2) – The operating requirements and throughput limits set forth under these conditions are incorporated from currently existing Construction Permits No. 061C, 070A, 099A, 111A, and 132. The basis for the limits and requirements set forth in those permits are provided in the 'Statement of Basis' documents for those permits, and as such, are considered settled matters for the purposes of this permit. However, some of the requirements that were established in those previous permits will not be retained in the 'consolidation construction permit' (Construction Permit No. 165). A list of significant changes between those previously issued permits and the proposed Construction Permit No. 165, including the reasons for the changes, is provided as follows:

- *Construction Permit No. 099A – 'SMC Area' consisting of SMC Molding (press, cutting equip., deflashing, sanding & baghouse, storage), Ski Bonding (drill & baghouse), and SMC Painting (sanding & baghouse, 4 paint booths w/ dry filters, 2 paint bake ovens, 1 touch-up bake oven, 150 hp boiler, 2 water jet cutting machines, storage).*
  - The paint booths associated with the SMC area will no longer be required (by permit) to be equipped with 99% efficient dry filters. Information provided by the owner/operator indicates that the booths will remain in compliance with all particulate limits set forth under the LLCAPCPRS even without the filters, though the owner/operator has indicated that the filters will remain in place. Regardless of the lack of permit requirements, if required under a federal regulation, the owner/operator will still be required to utilize exhaust filters on the paint booths.

(B)(3)-(4) – The throughput limits set forth under these conditions are designed to limit the emissions from the combustion of natural gas and propane to the maximum potential emissions that currently exist at the facility. These limits represent the current maximum annual fuel combustion throughputs for natural gas and propane (respectively), and are intended to ensure that the maximum potential to emit air pollutants (specifically VOCs) remains unchanged, even if new stationary natural gas and/or propane combustion equipment is added subsequent to the issuance of the permit. It is worth noting that, over the past 5 years, Kawasaki has averaged only about 200 million cubic feet (MMcf) per year of natural gas use, and only utilizes propane as a back-up fuel in the event that the natural gas supply is interrupted.

(C) Monitoring Requirements.

(C)(1)-(6) – The monitoring requirements set forth under these conditions are incorporated from currently existing Construction Permits No. 061C, 070A, 099A, 111A, and 132. The basis for the requirements set forth in those permits are provided in the 'Statement of Basis' documents for those permits, and as such, are considered settled matters for the purposes of this permit. However, some of the requirements that were established in those previous permits will not be retained in the 'consolidation construction permit' (Construction Permit No. 165). A list of significant changes between those previously issued permits and the proposed

Construction Permit No. 165, including the reasons for the changes, is provided as follows:

- *Construction Permit No. 061C – Frame E-Coat (E-Coat #1) Paint System, Associated Paint Bake Oven, and Powder Coat Bake Oven.*
  - The owner/operator no longer needs to perform monthly calculations specific to emissions of Glycol ethers from the E-Coat #1 system (and associated equipment). The owner/operator is simply required to calculate individual and total HAP emissions (which would include Glycol ether emissions, if any originate from this equipment).
- *Construction Permit No. 070A – Wheel E-Coat (E-Coat #2) Paint System (8-stage pretreatment & 5-stage coating process), associated Paint Bake Oven, three (3) associated Powder Coating Booths, and associated Powder Coat Bake Oven.*
  - The owner/operator no longer needs to perform monthly calculations specific to emissions of Glycol ethers from the E-Coat #2 system (and associated equipment). The owner/operator is simply required to calculate individual and total HAP emissions (which would include Glycol ether emissions, if any originate from this equipment).
- *Construction Permit No. 111A – 1.5 Megawatt Stationary Natural Gas-Fired Industrial Turbine with Heat Input Rating of 20.5 Million BTU/Hr and a Heat Recovery Steam Generator.*
  - The opacity monitoring requirements for this turbine have been removed, as opacity from the turbine will be monitored as needed using the same procedures established in the proposed Title V Operating Permit Condition XLIII(C)(7).
- *Construction Permit No. 132 – Replacement Blackline Manual Spray Paint Booth.*
  - Static pressure monitoring of the Blackline overspray collection system has been reduced from once every week to once every calendar month.
  - The opacity monitoring requirements for this booth have been removed, as opacity from the booth will be monitored as needed using the same procedures established in the proposed Title V Operating Permit Condition XLIII(C)(7).

(D) Record Keeping Requirements.

(D)(1)-(7) – The record keeping requirements set forth under these conditions are incorporated from currently existing Construction Permits No. 061C, 070A, 099A, 111A, and 132. The basis for the requirements set forth in those permits are provided in the 'Statement of Basis' documents for those permits, and as such, are considered settled matters for the purposes of this permit. However, some of the requirements that were established in those previous permits will not be retained in the 'consolidation construction permit' (Construction Permit No. 165). A list of significant changes between those previously issued permits and the proposed Construction Permit No. 165, including the reasons for the changes, is provided as follows:

- *Construction Permit No. 061C – Frame E-Coat (E-Coat #1) Paint System, Associated Paint Bake Oven, and Powder Coat Bake Oven.*
  - The owner/operator no longer needs to keep monthly records, or rolling 12-month totals, specific to emissions of Glycol ethers from the E-Coat #1 system (and associated equipment). Emissions of Glycol ethers from this equipment (if any) will be recorded in the same way that all other HAP emissions are recorded.
- *Construction Permit No. 070A – Wheel E-Coat (E-Coat #2) Paint System (8-stage pretreatment & 5-stage coating process), associated Paint Bake Oven, three (3) associated Powder Coating Booths, and associated Powder Coat Bake Oven.*
  - The owner/operator no longer needs to keep monthly records, or rolling 12-month totals, specific to emissions of Glycol ethers from the E-Coat #2 system (and associated equipment). Emissions of Glycol ethers from this equipment (if any) will be recorded in the same way that all other HAP emissions are recorded.
- *Construction Permit No. 099A – 'SMC Area' consisting of SMC Molding (press, cutting equip., deflashing, sanding & baghouse, storage), Ski Bonding (drill & baghouse), and SMC Painting (sanding & baghouse, 4 paint booths w/ dry filters, 2 paint bake ovens, 1 touch-up bake oven, 150 hp boiler, 2 water jet cutting machines, storage).*
  - Because the annual production limit on Jet-Skis has been removed, the owner/operator no longer needs to maintain records of Jet-Ski production.
  - Because the owner/operator is required to maintain records of VOC and HAP emissions from the SMC Area, and because there are no throughput limits on VOC- and HAP-containing materials, the owner/operator will no longer be required to maintain records of VOC- and HAP-containing materials. The owner/operator will still need to keep such records to develop HAP emission totals, but will not need to provide them for inspection, unless requested by the Director.
- *Construction Permit No. 111A – 1.5 Megawatt Stationary Natural Gas-Fired Industrial Turbine with Heat Input Rating of 20.5 Million BTU/Hr and a Heat Recovery Steam Generator.*
  - The owner/operator shall maintain records of opacity observations consistent with the monitoring and record keeping procedures set forth in Conditions XLIII(C)(7) and XLIII(D)(8) of the proposed Title V Operating Permit.
- *Construction Permit No. 132 – Replacement Blackline Manual Spray Paint Booth.*
  - Static pressure monitoring records of the Blackline overspray collection system shall be kept on a monthly basis, instead of a weekly basis.
  - The owner/operator shall maintain records of opacity observations consistent with the monitoring and record keeping procedures set forth in Conditions XLIII(C)(7) and XLIII(D)(8) of the proposed Title V Operating Permit.

(D)(8)-(9) – The record keeping requirements set forth under these conditions are established to specify what data elements must be recorded, as well as the duration of time for which records required under the proposed permit must be kept. These record keeping requirements are derived from Article 2, Section 8, paragraph (D)(2) of the LLCAPCPRS. While that regulation is specifically applicable to Class I operating permits, the language is commonly used in construction permits and Class II operating permits issued by the LLCHD.

(E) Reporting Requirements.

(E)(1)-(4) – The reporting requirements set forth under these conditions are incorporated from currently existing Construction Permits No. 061C, 070A, 099A, 111A, and 132. The basis for the requirements set forth in those permits are provided in the 'Statement of Basis' documents for those permits, and as such, are considered settled matters for the purposes of this permit. However, some of the requirements that were established in those previous permits will not be retained in the 'consolidation construction permit' (Construction Permit No. 165). A list of significant changes between those previously issued permits and the proposed Construction Permit No. 165, including the reasons for the changes, is provided as follows:

- *Construction Permit No. 061C – Frame E-Coat (E-Coat #1) Paint System, Associated Paint Bake Oven, and Powder Coat Bake Oven.*
  - The owner/operator no longer needs to specifically report emissions of Glycol ethers from the E-Coat #1 system (and associated equipment). Emissions of Glycol ethers from this equipment (if any) will be reported in the same way that all other HAP emissions are recorded.
  - The owner/operator will no longer need to submit rolling 12-month emission totals on a semi-annual basis. The owner/operator will only report the rolling 12-month emission totals on an annual basis, concurrent with the annual emission inventory if the owner/operator elects to do so (no later than March 31st). Any exceedances or deviations from the permitted limits will be reported semi-annually with the Title V Operating Permit 'monitoring and deviation report' required under Condition XX of that permit.
- *Construction Permit No. 070A – Wheel E-Coat (E-Coat #2) Paint System (8-stage pretreatment & 5-stage coating process), associated Paint Bake Oven, three (3) associated Powder Coating Booths, and associated Powder Coat Bake Oven.*
  - The owner/operator no longer needs to specifically report emissions of Glycol ethers from the E-Coat #2 system (and associated equipment). Emissions of Glycol ethers from this equipment (if any) will be reported in the same way that all other HAP emissions are recorded.
  - The owner/operator will no longer need to submit rolling 12-month emission totals on a semi-annual basis. The owner/operator will only report the rolling 12-month emission totals on an annual basis, concurrent with the annual emission

inventory if the owner/operator elects to do so (no later than March 31st). Any exceedances or deviations from the permitted limits will be reported semi-annually with the Title V Operating Permit 'monitoring and deviation report' required under Condition XX of that permit.

- *Construction Permit No. 099A – 'SMC Area' consisting of SMC Molding (press, cutting equip., deflashing, sanding & baghouse, storage), Ski Bonding (drill & baghouse), and SMC Painting (sanding & baghouse, 4 paint booths w/ dry filters, 2 paint bake ovens, 1 touch-up bake oven, 150 hp boiler, 2 water jet cutting machines, storage).*
  - Because the annual production limit on Jet-Skis has been removed, the owner/operator no longer needs to report of Jet-Ski production totals.
  - Because the owner/operator is required to report emissions of VOC and HAP from the SMC Area, and because there are no record keeping requirements for VOC- and HAP-containing materials, the owner/operator will no longer be required to report throughputs of VOC- and HAP-containing materials. The owner/operator will still need to keep such records to develop HAP emission totals, but will not need to report them to the Department, unless requested by the Director.
  - The owner/operator will no longer need to submit rolling 12-month emission totals on a semi-annual basis. The owner/operator will only report the rolling 12-month emission totals on an annual basis, concurrent with the annual emission inventory if the owner/operator elects to do so (no later than March 31st). Any exceedances or deviations from the permitted limits will be reported semi-annually with the Title V Operating Permit 'monitoring and deviation report' required under Condition XX of that permit.
- *Construction Permit No. 111A – 1.5 Megawatt Stationary Natural Gas-Fired Industrial Turbine with Heat Input Rating of 20.5 Million BTU/Hr and a Heat Recovery Steam Generator.*
  - The owner/operator will be required to report minimum and maximum hourly load levels for each month, as well as the monthly average load level, to the Department on a semi-annual basis rather than a quarterly basis. The report may be submitted with the Title V Operating Permit 'monitoring and deviation report' required under Condition XX of that permit.
- *Construction Permit No. 132 – Replacement Blackline Manual Spray Paint Booth.*
  - The owner/operator will no longer need to submit rolling 12-month emission totals on a semi-annual basis. The owner/operator will only report the rolling 12-month emission totals on an annual basis, concurrent with the annual emission inventory if the owner/operator elects to do so (no later than March 31st). Any exceedances or deviations from the permitted limits will be reported semi-annually with the Title V Operating Permit 'monitoring and deviation report' required under Condition XX of that permit.

(E)(5) – The requirements set forth under this condition are established to specify the methods by which emissions should be calculated for reporting emissions annually for the emission inventory, as well as for demonstrating compliance with the emission limits set forth in the proposed permit.

(F) New Source Performance Standard (NSPS) Requirements.

(F)(1)-(2) – This condition serves to incorporate all applicable requirements set forth under 40 CFR Part 60, Subpart GG by reference. KMM is responsible for complying with all applicable requirements set forth under this rule, as well as complying with all applicable requirements set forth under 40 CFR Part 60, Subpart A (General Provisions) as they apply to Subpart GG. These requirements also appear in the proposed Title V Operating Permit, but because they were originally incorporated into Construction Permit No. 099 (and the revised permit No. 099A), they have been incorporated into the 'consolidation' Construction Permit No. 165, as well.

(G) National Emission Standards for Hazardous Air Pollutants – Maximum Achievable Control Technology (NESHAP MACT) Requirements.

(G)(1) – This condition serves to incorporate all applicable requirements set forth under 40 CFR Part 63, Subpart MMMM by reference. KMM is responsible for complying with all applicable requirements set forth under this rule, as well as complying with all applicable requirements set forth under 40 CFR Part 63, Subpart A (General Provisions) as they apply to Subpart MMMM.
The requirements of Subpart MMMM were utilized to fulfill the requirement to apply T-BACT for the control of hazardous air pollutants from the Blackline replacement booth, but were applicable requirements regardless of the booth replacement.
These requirements also appear in the proposed Title V Operating Permit, as they apply to other equipment not covered by Construction Permit No. 132.

(H) Other Requirements.

(H)(1)-(2) – The requirements set forth under these conditions are designed to accommodate the addition of any new VOC-emitting equipment during the course of the permit could result in the source's potential to emit VOCs exceeding the established limit, thereby making the source a 'major source' for the purposes of PSD. The VOC limit established in Specific Condition XXIX(A)(1) is designed to maintain the source as a 'minor source' for the purposes of the Prevention of Significant Deterioration of Air Quality (PSD) permitting regulations. These requirements ensure that any new equipment will be quickly incorporated into Attachment A of the permit, and covered by the PSD-avoidance limit for VOCs.
Any new equipment that requires a construction permit pursuant to Article 2, Section 17 of the LLCAPCPRS will be addressed through the existing regulatory channels. This attachment serves to address that equipment which, due the associated potential to emit, would not require a construction permit. Additions to this table will be processed as a 'Minor Permit Modification' consistent with the regulations set forth in Article 2, Section 15 of the LLCAPCPRS.

6.02.03 – Construction Permit No. 165 Attachments

Attachment A – This attachment serves to account for VOC-emitting equipment added subsequent to the issuance of this permit, for which a construction permit is not required pursuant to Article 2, Section 17 of the LLCAPCPRS. See the explanation provided for Conditions XXIX(H)(1)-(2) above for more information.

Section 7 – Summary of Permit Conditions Enforceable by Agency

7.01 – Title V Operating Permit Proposed Conditions

(1) LLCHD (Local) – All conditions included in this permit with the exception of 'Regulations' I(C)(4), as well as Condition XLI.
(2) EPA (Federal) – All conditions included in this permit with the exceptions of 'Regulations' I(B).

7.02 – Construction Permit No. 165 Proposed Conditions

(1) LLCHD (Local) – All conditions included in this permit.
(2) EPA (Federal) – All conditions included in this permit with the Lincoln Municipal Codes referenced under General Condition I.

Section 8 – Compliance Assurance Monitoring

It has been determined that 40 CFR Part 64 does not apply to KMM, as there are no pollutant-specific emission limits for which KMM is required to utilize control equipment and emission monitoring equipment. As a result, a CAM Plan is not necessary.

Section 9 – Pollution Prevention Opportunities

The Department encourages KMM to continually examine its operations for pollution prevention opportunities. The Department's Technical Assistance Program can provide resources to aid the facility in exploring available pollution prevention options.

Section 10 – Air Quality Program Recommendation

The Department proposes approval of a Class I Operating Permit, as well as approval of Construction Permit No. 165, for this facility. Enforceable permit conditions have been provided in the draft permits. A final determination on these permits will be made following the opportunity of the public and the U.S. EPA to comment on the draft permits (as applicable), and any comments received have been addressed.

Section 11 – Public Participation, Affected States Review, and EPA Review

The following notice is scheduled for publication in the April 1, 2015 edition of the Lincoln Journal Star, which is a newspaper of general circulation in Lancaster County, Nebraska.

This notice will also be made available on the Lincoln-Lancaster County Health Department (LLCHD) Air Quality Program website at the following URL:

[HYPERLINK "http://www.lincoln.ne.gov/city/health/environ/pollu/pubnot.htm"]

A copy of this notice will be sent to the affected states, as well as the EPA's Region 7 permits coordinator. Copies of the proposed permits, applications, and this statement of basis document will be provided upon request.

PUBLIC NOTICE

Lincoln-Lancaster County Health Department (LLCHD)

A. In accordance with Article 2, Section 14 of the Lincoln-Lancaster County Air Pollution Control Program Regulations and Standards (LLCAPCPRS), notice is given for the preliminary determination by the LLCHD to approve the issuance of a construction permit for the source identified in item [REF _Ref407784927 \r \h] (below).

B. In accordance with Article 2, Sections 13 and 14 of the LLCAPCPRS, notice is given for the preliminary determination by the LLCHD to approve the issuance of a Title V Operating Permit renewal for the source identified in item [REF _Ref407784927 \r \h] (below).

C. Issuance of the proposed permits allows for continued operation of the subject emission source within Federal, State and Local requirements. Provided below are the name, address, and the North America Industry Classification System (NAICS) code describing the nature of business at the subject emission source:
   1. Source Name: Kawasaki Motors Manufacturing Corp., U.S.A. (KMM)
   2. Source Address: 6500 & 6600 NW 27th Street, Lincoln, NE 68521
   3. NAICS Code(s): 336999 (All Other Transportation Equipment Mfg.), 336612 (Boat Building), and 336510 (Railroad Rolling Stock Mfg.)

D. Potential emissions exceed the Class I permit thresholds set forth under Article 2, Section 5 of the LLCAPCPRS, and as such, this source qualifies for a Class I operating permit as a 'major source'.

E. The proposed Class I operating permit and proposed construction permit will allow for emissions of the following regulated air pollutants in the associated quantities. All quantities are in units of tons per year, or tpy.

Particulate matter <10 micrometers in diameter (PM_{10})	95.96 tpy
Particulate matter <2.5 micrometers in diameter ($PM_{2.5}$)	90.09 tpy
Oxides of Nitrogen (NOx)	206.55 tpy
Oxides of Sulfur (SO_2, SO_3, and combinations thereof)	14.29 tpy
Volatile Organic Compounds (VOC)	249.00 tpy
Carbon Monoxide	101.83 tpy
Lead	<0.01 tpy
Greatest Individual Hazardous Air Pollutant	65.64 tpy
Total Combined Hazardous Air Pollutants	121.35 tpy
Carbon Dioxide Equivalents	178,637.00 tpy

F. The proposed permits are available for inspection during business hours at the office of the LLCHD at 3140 N Street, Lincoln, NE 68510. A copy of this public notice document may also be obtained online at: [HYPERLINK "http://lincoln.ne.gov"], keyword search "air". Telephone inquiries regarding this public notice may be directed to Gary Bergstrom, Senior Environmental Health Specialist, at (402) 441-6202. If alternate formats of materials are needed, please notify the Department by calling (402) 441-8040 or (402) 441-6284 for TDD users.

G. The 30-day public comment period commences April 1, 2015 and ends on May 1, 2015. Within the 30-day public comment period, any interested person, agency, or group may request or petition the Director of the LLCHD for a public hearing. All requests for public hearing must be made in writing, and must state the nature of the issues to be raised and all arguments and factual grounds supporting their position. If a public hearing is granted by the Director, the hearing will be advertised by public notice at least 30 days prior to its occurrence. Comments on the proposed permits should be mailed to:

Chris Schroeder, Air Quality Program Supervisor
Lincoln-Lancaster County Health Department
Environmental Public Health Division
3140 "N" Street
Lincoln, NE 68510-1514